Press Metal Aluminium Holdings (PMAH MK)

1Q26: Within Expectations; Supply Disruptions Continue To Support Aluminium Prices

	BUY (Maintained)
Share Price	RM9.00
Target Price	RM10.67
Upside	+18.6%
Previous TP	RM9.78

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Highlights

- PMETAL's results were within expectations, backed by strong aluminium prices with relatively low alumina cost.
- We expect a sequentially stronger 2Q26, driven by further strengthening in aluminium prices alongside sustained lower alumina costs.
- We foresee aluminium prices continuing to trend higher, supported by ongoing supply tightness arising from the Middle East conflict.
- We upgrade our 2026/27 earnings forecasts by 4%/9%, respectively. Maintain BUY with a target price of RM10.67.

1Q26 Results

Year to 31 Dec (RMm)	1Q26	qoq% chg	yoy % chg	1Q26	yoy % chg
Revenue	4,098.4	1.5	5.2	4,098.4	5.2
EBITDA	1063.4	10.8	58.1	(198.7)	58.1
EBIT	864.7	14.7	73.7	864.7	73.7
PBT	872.5	9.6	38.6	872.5	38.6
Net profit	624.5	5.5	35.2	624.5	35.2
Core net profit	597.5	(2.9)	33.4	597.5	33.4
Margins (%)		qoq ppt chg	yoy ppt chg		yoy ppt chg
EBIT	21.1	2.4	8.3	21.1	8.3
PBT	21.3	1.6	5.1	21.3	5.1
Core net profit	14.6	(0.7)	3.1	14.6	3.1

Source: PMETAL, UOB Kay Hian

Analysis

- **Within expectations.** Press Metal Aluminium Holdings (PMETAL) reported 1Q26 core net profit of RM597.5m (-3% qoq, +33% yoy), accounting for 23% of our and consensus full-year estimates respectively, within expectations. A first interim single-tier DPS of 2.5 sen was declared. We expect a sequentially stronger 2Q26, supported by higher aluminium prices and flattish alumina costs, with the current alumina-to-aluminium ratio having declined to 8-9% (vs the historical 14-16%).

Key Financials

Year to 31 Dec (RMm)	2024	2025	2026F	2027F	2028F
Net turnover	14,910	16,200	16,668	18,090	19,455
EBITDA	2,784	3,345	3,922	4,550	5,097
Operating profit	2,045	2,570	3,353	3,941	4,452
Net profit (rep./act.)	1,761	2,136	2,704	3,239	3,547
Net profit (adj.)	1,853	2,136	2,704	3,239	3,547
EPS (sen)	22.6	26.1	33.0	39.5	43.3
PE (x)	39.8	34.5	27.3	22.8	20.8
P/B (x)	8.7	7.9	6.6	5.5	4.6
EV/EBITDA (x)	28.1	23.3	19.9	17.2	15.3
Dividend yield (%)	0.8	(0.9)	1.1	1.3	1.4
Net margin (%)	11.8	13.2	16.2	17.9	18.2
Net debt/(cash) to equity (%)	27.8	16.0	11.0	(1.1)	(11.9)
Interest cover (x)	13.2	25.4	19.8	26.9	36.4
ROE (%)	23.2	23.9	26.2	26.1	24.0
Consensus net profit	-	-	2,575	2,821	2,987
UOBKH/Consensus (x)	-	-	1.05	1.15	1.19

Source: PMETAL, Bloomberg, UOB Kay Hian

Stock Data

GICS sector	Materials
Bloomberg ticker:	PMAH MK
Shares issued (m):	8,239.6
Market cap (RMm):	74,156.6
Market cap (US$m):	18,638.4
3-mth avg daily t'over (US$m):	26.5

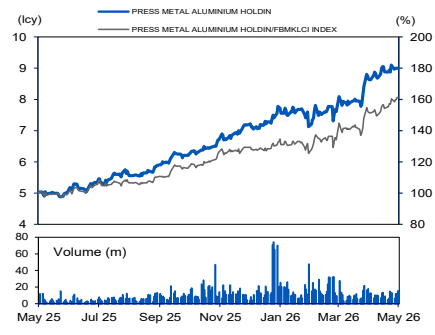
Price Performance (%)

52-week high/low				RM9.2/RM4.78
1mth	3mth	6mth	1yr	YTD
2.3	19.7	38.5	76.8	26.41

Major Shareholders

	%
Alpha Milestone Sdn Bhd	33.7
Employees Provident Funds	9.01
Kumpulan Wang Persaraan Diperbadankan	5.9

Price Chart



Source: Bloomberg

Company Description

Principally involved in the manufacture and trading of primary aluminium and other aluminium-based products.

- **1Q26 sales jumped 5% yoy** due to higher sales volume and higher all-in aluminium prices (LME aluminium prices: US$3,198/tonne in 1Q26 vs US$2,626/tonne in 1Q24). Meanwhile, core net profit rose 33% yoy mainly due to lower alumina costs (alumina prices: US$306/tonne in 1Q26 vs US$518/tonne in 1Q25).
- **Favourable raw material costs continue to support the group's margins.** Notably, there was a sharp yoy drop in alumina prices (at US$306/tonne in 1Q26 vs US$518/tonne in 1Q25), which led to an alumina-to-aluminium cost ratio of 10% in 1Q26. The yoy drop in alumina prices was due to the easing of production disruptions and multiple refineries coming on-stream. Based on our sensitivity analysis, every US$20/tonne reduction in our alumina assumption of US$406/tonne in 2026 would increase PMETAL's earnings by RM59m, assuming that no hedging is done on a fixed US$2,900/tonne aluminium price, and vice versa. As of 26 May 26, the group had hedged 65% of its aluminium prices at more than US$2,700/tonne for 2026, 50-55% at US$2,900/tonne for 2027 and 30% at more than US$2,900/tonne for 2028.
- **Ongoing supply constraints continue to support aluminium prices.** LME aluminium prices have risen from US$2,550-2,650/tonne in Jul 25 to approximately US$3,700/tonne currently, marking a significant rally since 3Q25, mainly driven by the Federal Reserve's rate cut and the resulting weaker US dollar. Looking ahead, we expect aluminium prices to remain elevated in the near term, supported by: a) ongoing supply disruptions to global aluminium output after Iran's missile and drone strikes hit major Gulf aluminium producers, as EGA's Al Taweelah smelter produced around 1.6m tonnes in 2025, while Alba produced approximately 1.622m tonnes, with the two facilities together accounting for 4-5% of global aluminium production and taking up to 12 months to restart; and b) elevated geopolitical and supply-chain uncertainties, which continue to support precautionary stockpiling and risk premiums across industrial metals markets.

Valuation/Recommendation

- **Maintain BUY with a higher target price of RM10.67, in tandem with the earnings upgrade, still based on 27.0x 2027F PE,** which is its five-year forward PE mean. Should aluminium prices swing from our conservative forecast, based on our sensitivity analysis, every US$100/tonne increase to our current spot aluminium price assumption of US$2,900/tonne in 2026 would increase PMETAL's earnings by 11% annually, assuming alumina cost ratio of 14% and carbon anode prices of Rmb5,945/MT.

Earnings Revision/Risk

- We increase our 2026/27 earnings forecasts by 4%/9% respectively, mainly to reflect higher aluminium price assumptions.
- Note that our current LME aluminium price assumptions for 2026/27 are US$2,900/tonne, and US$3,000/tonne respectively, vs Bloomberg consensus US$3,541/tonne and US$3,373/tonne.

Environmental, Social, Governance (ESG) Updates

Environmental

- Smelting plants use electricity generated predominantly from hydroelectric power.
- To achieve: a) 15/30% GHG reduction by 2025/30 from 2020, b) carbon neutrality by 2050, and c) 10% water withdrawal reduction by 2030 from 2016.

Social

- Established group-wide targets in 2018 to increase women's participation in managerial positions to 30% and increased females in workforce to 20%.
- In 2020, the group recorded zero work fatalities, with 24% of managerial roles held by women and 14% of workforce comprised of females.

Governance

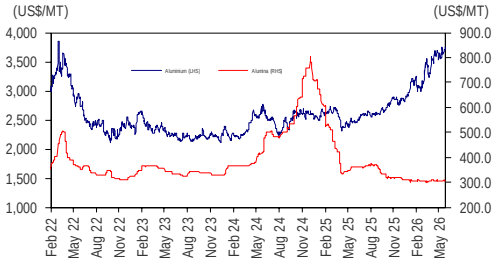
- The company has in place an Anti-Bribery and Anti-Corruption Policy which is in line with Section 17A of the MACC Act 2009.
- There were zero whistleblowing and bribery instances in 2020.

KEY Assumptions

Year to 31 Dec	2025	2026F	2027F	2028F
Current assumptions				
Production volume (MT p.a.)	1,080,000	1,080,000	1,090,800	1,090,800
Aluminium spot price (US$)	2,632	2,900	3,000	3,050
Alumina (US$/tonne)	387	406	420	427
EBIT margin (%)	15.9	20.2%	21.8%	22.9%
US$/RM rate	4.30	4.05	4.15	4.20
Effective Tax Rate (%)	14.4	13.0	13.0	13.0

Source: PMETAL, UOB Kay Hian

Aluminium And Alumina Spot Prices



Source: Bloomberg, UOB Kay Hian

Sensitivity Analysis

- **Alumina:** Every US$20/tonne reduction in our alumina assumption of US$406/tonne in 2026 would increase PMETAL's earnings by RM59m, assuming that no hedging is done on a fixed US$2,900/tonne aluminium price, and vice versa.
- **Aluminium:** Every US$100/tonne increase to our current spot aluminium price assumption of US$2,900/tonne in 2026 would increase PMETAL's earnings by 11% annually, assuming alumina cost ratio of 14% and carbon anode prices of Rmb5,945/MT.

Source: PMETAL, UOB Kay Hian

Profit & Loss

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Net turnover	16,199.7	16,668.0	18,089.9	19,455.3
EBITDA	3,345.5	3,921.7	4,549.8	5,097.2
Deprec. & amort.	775.5	569.1	608.4	645.0
EBIT	2,570.0	3,352.6	3,941.4	4,452.2
Total other non-operating income	34.8	0.0	0.0	0.0
Associate contributions	426.2	613.8	729.0	776.1
Net interest income/(expense)	(131.8)	(197.6)	(168.8)	(140.0)
Pre-tax profit	2,899.2	3,768.8	4,501.6	5,088.2
Tax	(357.2)	(489.9)	(585.2)	(661.5)
Minorities	(406.4)	(574.9)	(676.9)	(879.7)
Net profit	2,135.6	2,704.0	3,239.5	3,547.0
Net profit (adj.)	2,135.6	2,704.0	3,239.5	3,547.0

Balance Sheet

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Fixed assets	7,839.8	8,420.6	8,962.2	9,467.2
Other LT assets	3,719.8	4,333.7	5,062.7	5,838.7
Cash/ST investment	2,620.3	2,283.7	3,072.8	4,220.5
Other current assets	4,994.2	5,691.7	6,044.9	6,490.1
Total assets	19,174.1	20,729.7	23,142.7	26,016.5
ST debt	1,014.0	714.0	414.0	114.0
Other current liabilities	2,215.0	1,900.0	1,968.4	2,079.7
LT debt	3,103.7	2,803.7	2,503.7	2,203.7
Other LT liabilities	1,335.2	1,335.2	1,335.2	1,335.2
Shareholders' equity	9,366.7	11,262.5	13,530.2	16,013.1
Minority interest	2,139.5	2,714.3	3,391.2	4,270.9
Total liabilities & equity	19,174.1	20,729.7	23,142.7	26,016.5

Cash Flow

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Operating	3,348.2	2,419.2	3,679.8	4,101.8
Pre-tax profit	2,899.2	3,768.8	4,501.6	5,088.2
Tax	(357.2)	(489.9)	(585.2)	(661.5)
Deprec. & amort.	775.5	569.1	608.4	645.0
Associates	(426.2)	(613.8)	(729.0)	(776.1)
Working capital changes	76.8	(1,012.6)	(284.8)	(333.9)
Other operating cashflows	380.1	197.6	168.8	140.1
Investing	(1,570.1)	(1,150.0)	(1,150.0)	(1,150.0)
Capex (growth)	(1,618.4)	(1,150.0)	(1,150.0)	(1,150.0)
Investments	468.6	1,082.4	1,811.4	2,587.4
Others	(425.2)	(1,082.4)	(1,811.4)	(2,587.4)
Financing	(561.7)	(1,608.8)	(1,740.7)	(1,804.2)
Dividend payments	(827.2)	(811.2)	(971.8)	(1,064.1)
Proceeds from borrowings	651.4	0.0	0.0	0.0
Loan repayment	(700.0)	(600.0)	(600.0)	(600.0)
Others/interest paid	314.1	(197.6)	(168.9)	(140.1)
Net cash inflow (outflow)	1,216.4	(339.6)	789.1	1,147.6
Beginning cash & cash equivalent	1,431.8	2,620.3	2,283.7	3,072.8
Changes due to forex impact	(27.8)	3.0	0.0	0.0
Ending cash & cash equivalent	2,620.4	2,283.7	3,072.8	4,220.4

Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	20.7	23.5	25.2	26.2
Pre-tax margin	17.9	22.6	24.9	26.2
Net margin	13.2	16.2	17.9	18.2
ROA	11.9	13.6	14.8	14.4
ROE	23.9	26.2	26.1	24.0
Growth				
Turnover	8.7	2.9	8.5	7.5
EBITDA	20.2	17.2	16.0	12.0
Pre-tax profit	26.0	30.0	19.4	13.0
Net profit	21.2	26.6	19.8	9.5
Net profit (adj.)	15.2	26.6	19.8	9.5
Leverage				
Debt to total capital	26.4	20.1	14.7	10.3
Debt to equity	43.9	31.2	21.6	14.5
Net debt/(cash) to equity	16.0	11.0	(1.1)	(11.9)
Interest cover (x)	25.4	19.8	27.0	36.4

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